

# **THE LEONARD LETTER**

*April 4, 2005*

## **QUOTE OF THE WEEK**

*“The things that will destroy us are: politics without principle; pleasure without conscience; wealth without work; knowledge without character; business without morality; science without humanity; and worship without sacrifice.” --- Mahatma Mohandas K. Gandhi (1869-1948)*

## **IN MEMORIUM**

### **\*\*\*Iron Will\*\*\***

The passing of Pope John Paul II reminds me of the great work by the historian Paul Johnson. In his books, Johnson shows how history is not pre-ordained by economic forces, as Marxists believe, but instead is altered by men and women of iron will. John Paul II, Ronald Reagan and Margaret Thatcher are three leaders of iron will who fought for freedom, and because they would not be deterred by the naysayers or the critics they were able to alter history. It was not so long ago that the pundits of the world declared that communism would rule the world. These three leaders said otherwise because they knew the cause of freedom must prevail. We owe these three people a great debt, and we must teach our children what they accomplished through faith and willpower.

## **UNDER THE DOME**

### **\*\*\*Where Not to Shop\*\*\***

Last week I mentioned that there are some places in California where you are charged 8.75% sales tax. Some Leonard Letter readers wanted to know where that was so that they could avoid shopping there. Below is the list of those areas that charge the highest sales tax rate in the state. Almost every one of these is in Alameda County. An asterisk indicates an incorporated city:

Alameda\*, Albany\*, Army Terminal (Alameda County), Ashland, Avalon\*, Berkeley\*, Bradford, Castro Valley, Cresta Blanca, Dublin\*, Elmwood, Emeryville\*, Fremont\*, Government Island, Hayward\*, Landscape, Naval Air Station (Alameda\*), Naval Hospital (Oakland\*), Newark\*, Oakland\*, Piedmont\*, Pleasanton\*, Richmond\*, San Leandro\*, San Lorenzo, Sunol, and Union City\*.

### **\*\*\*Are We Safe Yet?\*\*\***

I have been reminded throughout my life, and often by babysitting my granddaughter, that there are many activities that are worth learning how to do that require some thought to perform in a safe manner. Using kitchen knives, handling hot dishes, and learning how to drive are obvious examples. Handling firearms is a classic example.

Yet another reminder came about a couple weeks ago when I saw an announcement heralding a Senate Office of Research study, “Pellet Guns and BB Guns: Dangerous Playthings on the Open Market.” The paper advocates for pellet guns and BB guns to be regulated like firearms.

Going beyond why this popular recreational activity needs to be singled out and vilified, it is hard for me to see the value in a study that makes assertions like the one below, from the executive summary:

“Pellet guns being manufactured and sold today are often more powerful than regular firearms in their capacity to injure victims.” This is just unsubstantiated nonsense. The report tries to argue that since some pellets can achieve speeds of 1,200 feet per second, they are more “powerful” (i.e., dangerous) than .45 automatic handguns. Following the logic of this velocity argument, the rays from the sun are more dangerous than rounds fired from a tank. I suppose they could make the argument that a .22 caliber pellet gun that shoots lead pellets, or some substance of similar density, shooting at 1,200 fps in some way is comparable to a .22 rifle. But the rhetorical overkill just destroys the credibility of the study.

Judge it for yourselves.

[http://www.sen.ca.gov/sor/reports/REPORTS\\_BY\\_SUBJ/PUBLIC\\_SAFETY\\_JUDICIARY/PELLETGUNREPORT.pdf](http://www.sen.ca.gov/sor/reports/REPORTS_BY_SUBJ/PUBLIC_SAFETY_JUDICIARY/PELLETGUNREPORT.pdf)

## **FOLLOWING UP**

### **\*\*\*Tax Reform Reactions\*\*\***

My article two weeks ago about the renewed debate surrounding a potential national consumption (e.g., sales) tax has generated several comments and concerns from Leonard Letter readers. There is agreement that the worst option would be a Value Added Tax akin to those used in Europe. The VATs there have grown from their initial level into very high rates of taxation that require tax collecting and reporting at each level of a product’s journey to market, making them very onerous.

An alternative to a national consumption tax is a flat income tax. One reader said the current U.S. tax code collects about 12% of personal adjusted gross income. He suggests a new twist by having a 12.5% flat income tax paid by the employer without the employer even reporting the employees’ names to the government. I also heard from proponents of a national consumption tax who believe that their proposal protects privacy as well. You can learn more about the national consumption tax at <http://fairtax.org/>. I

welcome additional comments on the various proposals to reform our national tax system.

## **MISCELLANY**

### **\*\*\*Donate Life\*\*\***

I am pleased to announce the Donate Life California Organ and Tissue Donor Registry at <http://www.donatelifecalifornia.org/>. Until now, no registry existed so people could only express their willingness to be a donor by placing the pink Donor dot on their drivers' licenses. By signing up on this site, you have the opportunity to turn tragedy into joy by saving and improving others' lives. Donating your organs can save the lives of eight other people, and tissue donations can help up to 50 people. There are 18,000 Californians waiting for organ transplants and one-third of those will die while on the waiting list because donor organs are not available. In addition to talking to your family members and placing the pink Donor dot on your driver's license, your registry information will ensure your wishes to be a donor will be carried out. Your generous decision today can change the lives of other families. I encourage everyone to sign up as a donor this month.

### **\*\*\*A Good Read\*\*\***

Nearly half a century ago, Professor Milton Friedman delivered a series of lectures at Wabash College. Professor Friedman, with the help of his wife, compiled these lectures into a book called "Capitalism and Freedom." Friedman won the Nobel Prize in Economics and this work will help anyone see why. In it, he articulates his philosophy with reasoned judgement explained in clear language and everyday examples that a reader can easily grasp. In the preface of the 1982 edition, Friedman explained that this work is a precursor to his and his wife's 1980 book "Free to Choose," which also had a PBS companion series. In "Capitalism and Freedom," Friedman seeks to address this question, "How can we benefit from the promise of government while avoiding the threat to freedom?"

Some may wonder why they should read a book conceived 50 years ago about the link between politics and economics. The short answer is that it is still completely relevant to the public discussions of today. Consider this passage: "If one were to seek deliberately to devise a system of recruiting and paying teachers calculated to repel the imaginative and daring and self-confident and to attract the dull and mediocre and uninspiring, he could hardly do better than imitate the system of requiring teaching certificates and enforcing standard salary structures that has developed in the larger city and state-wide systems. It is perhaps surprising that the level of ability in elementary and second school teaching is as high as it is under these circumstances. The alternative system would resolve these problems and permit competition to be effective in rewarding merit and attracting ability to teaching."

## **BOE AND LEGISLATIVE DATES**

**April 12, 2005** --- BoE meets in Sacramento.

**April 29, 2005** --- Last day for policy committees to hear and report fiscal bills.

**May 20, 2005** --- Last day for policy committees to meet prior to June 6.

**May 24-25, 2005** --- BoE meets in Sacramento.

**May 30, 2005** --- Memorial Day.

**June 15, 2005** --- Budget bill must be passed by midnight.

## **NOTABLE DATES/ HISTORY**

**April 4, 1581** --- Frances Drake completed circumnavigation of the world.

**April 4, 1850** --- The City of Los Angeles was incorporated.

**April 4, 1870** --- Golden Gate Park was formed by San Francisco City Order #800.

**April 4, 1968** --- Martin Luther King, Jr. was assassinated at the age of 39.

**April 5, 1768** --- The first U.S. Chamber of Commerce was formed (New York City).

**April 5, 1792** --- U.S. President George Washington cast the first presidential veto. The measure was for apportioning representatives among the states.

**April 5, 1941** --- In San Francisco, the Castro and Fillmore streetcars were replaced by buses.

**April 6, 1722** --- Peter the Great ended the ax on men with beards.

**April 6, 1909** --- The first credit union formed in the U.S.

**April 6, 1956** --- Capitol Tower, the home of Capitol Records in Hollywood, CA, was dedicated. It was the first circular office tower designed in America: 13 stories tall and 92 feet in diameter.

**April 7, 1998** --- Mary Bono, the widow of Sonny Bono, won a special election to serve out the remainder of her husband's congressional term.

**April 8, 1986** --- Clint Eastwood was elected mayor of Carmel, CA.

**April 9, 1865** --- General Robert E. Lee and his 26,765 troops surrendered to Union General Grant at Appomattox Court House in Virginia. This event effectively ended the U.S. Civil War.

**April 9, 1963** --- Winston Churchill became first honorary U.S. citizen (posthumously).

**April 9, 1966** --- Anaheim Stadium for the California Angels opened.

**April 10, 1871** --- William Hammond Hall's maps and surveys of Golden Gate Park were accepted.

## GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115  
TDD service for the hearing impaired  
TDD phones: 800-735-2929  
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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